



California
Youth Soccer
Association, Inc

1040 Serpentine Lane, Suite 201
Pleasanton, CA 94566
Phone: 925-426-5437
Fax: 925-426-9473
www.cysanorth.org

C

March 19, 2010

Steve Rymer
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037

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RE: RFP Morgan Hill Outdoor Sports Center

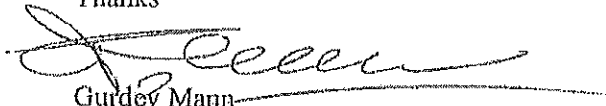
Dear Mr. Rymer:

Enclosed please find a CYSA RFP to operate the OSC for the next three years. As you know it's a very difficult task to generate a Business Plan without complete information and actual facts. We are submitting our proposal for your consideration with understanding that material facts are negotiable. If we are selected to operate the OSC, our intention is to operate at a break even point to keep the local users rates reasonable.

If CYSA is able to generate a net profit, we will share it 80 % to CYSA and 20% to the city. The city savings are in reduction of their expenses in maintenance, labor, manpower, insurance and liabilities.

I look forward to the opportunity to hearing from you. Please don't hesitate to call my office if you have any question.

Thanks


Gurdev Mann
Executive Director



THE GOVERNING BODY FOR YOUTH SOCCER FOR NORTHERN CALIFORNIA
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California Youth Soccer Assn. Inc.
Business Plan
Morgan Hill Outdoor Sports Center
March 19, 2010

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Organization's Background

California Youth Soccer Assn. Inc., with 250,000+ participants, is one of the country's largest youth soccer organizations. Our mission is to serve all children and our communities by providing opportunities that allow each child to grow, learn, mature and succeed by becoming productive adult members of society through the development, promotion, and offering, regardless of race, color, religion, age, sex, national origin and/or ability, comprehensive community based leagues that offer a complete range of youth soccer opportunities for all children of all ages and abilities.

California Youth Soccer Assn. Inc's. intent in operating the fields is to ensure that our organization is able to hold its major events at one cost effective facility versus contracting with numerous facilities throughout Northern California. We recognize the benefits that our relationship with the Outdoor Sports Center has brought to CYSA and the City of Morgan Hill.

The city of Morgan Hill has 600 hotel rooms. For the 2009-10 playing season the major state events will bring on average over teams 60 teams with players and families to Morgan Hill on 15 weekends generating revenue to the hotels, food and gasoline locations. These events provide significant tax revenue to the city. CYSA management of the complex ensures that these major events will continue to be held at Morgan Hill.

As the entity currently responsible to sublet the nine grass fields and to coordinate leasing the turf fields when rented in conjunction with the grass fields, we understand and are able to address the complexities of working with the local groups as well as non Morgan Hill applicants. Those complexities include schedule changes, last minute scheduling, proper paperwork prior to scheduling and the ability to respond quickly to problems at the facility.



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Detailed Narrative of the California Youth Soccer Assn. Inc. Plan.

California Youth Soccer Assn. Inc. will operate the facility under a breakeven mode of operation. We will continue to maintain the grass fields in playing condition; we will maintain the turf fields to protect the city's investment. It is not our intent to set the pricing structure to fund the eventual replacement of the turf fields. We expect the city to allow CYSA use of the city's equipment (sweeper and brushes...) to maintain the turf fields.

The California Youth Soccer Assn. Inc. approach to reservations will mirror the city's method. Since CYSA is already coordinating for the city turf rental when the user needs the grass field, we are confident that there will be a smooth transition. The turf fields will be available for rent by the hour seven days a week. The grass fields will be available for a daily rental fee on the weekend, with the possibility of weekday use.

Reservation information will be available on the CYSA website. A CYSA employee located in Pleasanton will work with the renters to process paperwork and payment. Our local employee will provide field access.

Parking will be charged based on the nature of the facility usage. The rate remains at \$5.00 per car per day, with in and out privileges.

Management Structure:

California Youth Soccer Assn. Inc. is managed by a volunteer board of directors. The Executive Director will have the ultimate responsibility for managing the sports center. CYSA will have a local employee to ensure that the facilities are properly maintained and to solve any problems for the users, i.e. access to restrooms, problems with lights...The CYSA Pleasanton office will provide scheduling and all other administrative services.

Community Access and Regional Use Philosophy:

California Youth Soccer Assn. Inc. and Orchard Valley Youth Soccer, a CYSA affiliated league and a Morgan Hill non-profit, account for 77% of the hours reserved for the synthetic turf fields. The CYSA use philosophy would address the needs of our State organization first. Our next commitment will be the Morgan Hill non-profits, including Orchard Valley, our affiliate. We recognize the need for "peaceful coexistence" among the main users. We will continue the procedures established by the City of Morgan Hill to allow the resident non-profits to reserve fields for the upcoming six month period. After these groups are booked, the reservation system will be open to all others.

We believe that resident non-profit organizations should be able to reserve the fields at a rate that reflects that Morgan Hill residents have supported the operation of the facility and the need to not operate the facility at a loss. Additionally, the fields are designed to accommodate a variety of sports and as such, CYSA will reach out to the community to accommodate their needs.

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An employee will be available to resolve the on-site issues of the locked gates, locked restrooms, lighting problems...

Market Strategy

CYSA's market strategy is three fold. Our first strategy will be to accommodate the needs of the local community. That strategy will be met through priority reservations, a discounted reservation rate and support personnel at the CYSA Pleasanton office and a local employee. The second strategy is to maximize usage by our organization for our state wide events which generates tax revenue for the city of Morgan Hills through hotel stays and food purchases. Our third approach will be to reach out to non resident groups. The strategy will be met through promoting the Morgan Hill Outdoor Sports Center and scheduled events on the CYSA website, updating contact information for Morgan Hill on web links maintained by other sources and by e-mails to our 190,000+ members advising them of the change in management at the facility. CYSA will advertise for local website sponsors to increase purchases within Morgan Hill. CYSA has considerable experience in reserving fields and therefore is aware of the website searches used to locate fields. The first year will be challenging because some of the annual users may not return due to uncertainty over management of the facility.

Today's environment has seen a decrease in the large soccer tournament due to the economy. Given that challenge it will be important to actively pursue other sports during the initial years of the lease.

Risk Management Plan

CYSA, as one of the nation's largest youth soccer organization and as the current lessee of the nine grass fields, has significant experience in providing financial protection for the organization due to insurance claims. Additionally, our knowledge of the good practices needed to prevent injuries allows us to offer a safe environment for our users.

All users will be required to provide insurance certificates naming the city of Morgan Hill, Morgan Hill Soccer Complex and California Youth Soccer Assn. Inc. as additional insured on a policy providing \$1 million of liability insurance

Revenue Sources and Pricing System

Synthetic Turf Hourly Rate:

Resident, non profit	\$20
Resident	\$32
Non-resident	\$42
Commercial	\$84
Lights	\$10

Grass Fields*

CYSA Affiliate	\$325
Non-CYSA	\$375

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Small sided grass fields	
CYSA Affiliate	\$250
Non-CYSA Affiliate	\$275

Field rental fees include:

Soccer Fields will be striped; goals, nets and corner flags installed

Trash receptacles with garbage liner will be provided

Routine garbage removal (excess garbage will be removed at the expense of the renter and will be deducted from the deposit)

Restroom facilities will be clean and stocked.

*includes 10 hours of field time, additional hours are \$30 per hour

CYSA reserves the right to charge its internal programs a discounted rate.

CYSA will pursue offering the snack shack to the local non-profit users to operate as a fund raising venue.

Banner advertisements for the complex fences, if allowed by city ordinance, will be actively pursued.

Itemized Expenses:

Notes:

In order to operate the Morgan Hill Outdoor Sports Center for an extended lease, CYSA will need to invest in two new water guns at a cost of approximately \$100,000. This investment will be depreciated over a seven year life. The alternative would be to lease pipes; rental expense and additional labor expense are comparable to the depreciation of the water guns.

Salaries include an employee responsible for on-site problem solving, and an allocation of the personnel expenses from the Pleasanton office for reservations, accounting...

A major assumption is that the fields will not need to be taken out of play for reseeding which would be a material expense over a three year period.

Expenses	
Personnel	56,930
Contract	
Labor	148,850
Depreciation Expense	14,300
Property Insurance	13,000
Supplies	7,000
Property	
Taxes	3,000
Repairs & Maintenance	20,500
Meals	800
Travel	
Mileage	1,000
Utilities	68,970
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	334,350

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Three Year Revenue/Expense Pro-Forma

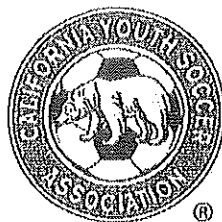
Notes:

Hourly rates for turf fields and lights are flat for years 1 to 3

Hourly rates for grass increase 8% in year 3

Revenue does not reflect advertising revenue from banners

000's	Year 1	Year 2	Year 3
Revenue	340.0	340.0	349.2
Expenses	<u>334.4</u>	<u>334.4</u>	<u>334.4</u>
Net Revenue	5.6	5.6	14.8



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April 7, 2010

Steve Rymer
City of Morgan Hill
Recreation and Community Services Department
17555 Peak Ave
Morgan Hill, CA 95037

Dear Mr. Rymer:


RE: CYSA RFP

During our presentation and follow-up questions in our meeting, it became apparent that the panel members were concerned with the CYSA plan to increase the hourly rate for the resident youth groups on the turf fields. Based on additional review of our proposed financials it may be possible to keep the resident youth groups at \$10.00/hour and take cost saving measures and adjustments in non-resident rates. To justify the low hourly fees for the resident youth groups we propose adding a cleaning fee comparable to the city fee charged to CYSA for those groups renting the turf fields for more than **four** hours.

We believe the above adjustments to the cost structure would meet the city's desire to accommodate their residents. Just this morning, I was advised by our Chairman Dr. Zopfi to prepare a bid to bring the President's National Cup to OSC; if it's doable. This would include teams from all over the United States and requires 600 hotel rooms for the weekend to host this event. The other venues for consideration are Cherry Island and Ripon soccer complexes. My preference would be to bring this magnitude of event to MH and the Bay area.

Please reconsider CYSA proposal and let me know if we can further explore the partnership. Month to month lease extension is approved for only a month or two. We have no intention of incurring the upkeep of the grass (expenses) for someone else.

Sincerely


David Mann
Executive Director



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CA Youth Soccer Association - North
1040 Serpentine Lane, Suite 201
Pleasanton, CA 94566

Mr. David Mann,

I, David Dworkin, representing the hotel community consisting of the Holiday Inn Express, Comfort Inn, Quality Inn, Executive Inn, Microtel and Ramada, officially support CA Youth Soccer Association (CYSA) in their bid to run the Outdoor Soccer Complex (OSC) located at 16500 Condit Road, Morgan Hill, CA. We would be willing to solicit the support necessary from local businesses and athletics to ensure the transition creates a beneficial outcome for all involved parties.

City Benefit:

It is our position that the city of Morgan Hill will continue to benefit from the additional revenue CYSA events generate. There is an increase in hotel Transient Occupancy Tax (TOT) and sales taxes generated from event participants that patronize local hotels. The community would also benefit from the additional dollars being spent in retail and restaurant establishments.

The city retains the entire 10% of TOT tax for the General Fund as opposed to ½ of 1% of sales tax. To put this in perspective, for every \$100 dollars a hotel would charge, a retail outlet would have to generate \$2000 in retail sales for the city to have the same General Fund benefit.

Lodging:

Weekend (Friday and Saturday) business generates 30%-50% percent of total room revenue for the hotels and motels. Smith Travel Research numbers show that local hotels and motels run a 10% higher annual occupancy and RevPAR (Revenue Per Available Room) on the weekends. They also show a marked increase in ADR (Average Daily Rate) on weekends for the local lodging, as much as 75%. CYSA by itself uses 40 out of the 104 available weekend days of the year or 39%. **CYSA contributes at a minimum 12% to total hotel revenue.**

It is important to note that the CYSA schedule is primarily December through April. These are considered shoulder months for the lodging industry. Their schedule does not create conflict with other hotel business. If there is no soccer during this time frame the hotels would typically run at about 20% occupancy with a lower ADR.

Holiday Inn Express Hotel & Suites, 17035 Condit Road, Morgan Hill, CA 95037
Phone 408-776-7676 Fax 408-776-1577 Email david@hiemh.com

Advertising:

Both CYSA and our city would benefit from flexing the vast OSC real estate for marketing opportunities. This would include facility and field banners, electronic signage, naming of the fields, and concessions. In addition, advertising can be placed on parking passes and programs.

Stewards:

The hotel community thanks CYSA for operating the grass fields of the OSC for nearly twenty years at no cost to the city. We are especially grateful to CYSA for maintaining the fields without a long term commitment from the city. We fully support CYSA in their bid to run the OSC. We look forward to CYSA making the improvements to the OSC that they have been waiting to implement.

On behalf of the hotel business community, we thank you for submitting a bid to run the OSC. We value your business and look forward to our continued partnership.

Thank you,



David Dworkin
Holiday Inn Express Hotel & Suites
Morgan Hill, CA